Review of Fiscal Deficit Act

1473. SHRIMATI JAYA BACHCHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering a proposal to review the Fiscal Deficit Act;

(b) if so, what are the compulsions that have necessitated a review;

(c) whether it is a fact that a plea has been made to him that the concept of fiscal deficit is invalid because of unemployment or underemployment as factors of production; and

(d) if so, the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) There is no Act titled "the Fiscal Deficit Act". Presumably the reference is to the Fiscal Responsibility and Budget Management Act, 2003. There is no proposal to review this Act. Further, this Ministry is not aware of any demand regarding validity of the concept of Fiscal Deficit.

Exemption to power sector from Taxes

1474. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that government propose to exempt power sector from taxes till 2012;

(b) if so, the details thereof; and

(c) whether the exemption will apply to new projects only or to existing projects as well?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) So far as direct taxes are concerned, the Finance Bill, 2005 does not contain any proposal for extending the exemption to power sector till 2012. As far as indirect taxes are concerned, the proposal of Ministry of Power to exempt power sector from taxes till 2012 was examined as part of the budget 2005-06 and was not acceded to.

(b) and (c) Do not arise in view of (a) above.

However, as far as existing provisions under the Income Tax Act, 1961